

General Information Letter: Due dates for electronic funds transfers explained.

January 3, 2000

Dear:

This is to confirm telephone conversations we conducted on December 30, 1999. Given the nature of your inquiry and the information you provide, I am responding with a General Information Letter. This is not to be taken as a statement of Department policy or as a binding ruling by the Department. As general information gathered in response to your particular questions, however, I hope that it is helpful to you. See 86 Ill. Adm. Code 1200.120(b) and (c).

The following is my recollection of the questions raised in the conversations:

Your company is involved in the provision of payroll administration software to business clients. One of your clients makes withholding payments via Electronic Funds Transfer technology (EFT) to the Illinois Department of Revenue. Some confusion arose over the due date of the final quarter-month EFT payment for the month of December, 1999. Despite a letter from Paul Caselton, Deputy Chief Counsel - Income Tax Division, dated December 1, 1999 asserting that quarter-month closing dates are fixed on the 7th, 15th, 22nd and last day of each calendar month, preliminary advice from this Department indicated that December 30 would be considered the final date of December, 1999. This would have necessitated an EFT payment on January 4, 2000.

After some clarifying discussions, it became clear that the proper application of statutes, regulations, instructions and Mr. Caselton's letter would set the EFT payment date at January 5, 2000. You wanted that conclusion reduced to writing.

Response

The Illinois Income Tax Act (IITA) at §704(b) declares that the last quarter-monthly period of a month ends on the "last day of each calendar month." An EFT payment is due on the third banking day following the close of the quarter-monthly period, but banking days do not include Saturdays, Sundays, legal holidays or local bank holidays (86 Ill. Admin. Code 100.7320(b)). Since December 31, 1999 was the close of the quarter-monthly period and the third banking day to follow will be January 5, 2000, the EFT payment due date is January 5, 2000.

As stated above, this is a general information letter that does not constitute a statement of policy that applies, interprets or prescribes tax law. It is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Sincerely,

Kent R. Steinkamp
Staff Attorney -- Income Tax